

# Hotel refurbishments

Preparing for a travel resurgence

By Amr El Etreby



The hospitality industry is fast-paced, competitive and forever evolving. Its unique, photo-worthy experiences pique the interests of a worldwide audience. From Instagram to YouTube, social media platforms offer a glimpse into the authentic experiences of hotel guests. These first-hand accounts challenge hotels, entertainment venues and restaurants to find innovative ways to consistently generate guest interest. One way to achieve this is by offering new facilities and service upgrades.

Almost overnight, the COVID-19 pandemic halted the travel and tourism industry, putting almost all hotel expansion plans on hold. With vaccines rolling out and travel corridors in place, hotel owners and travelers alike are adapting to new quarantine protocols and health and safety restrictions. As the borders begin to open more freely to leisure travel, there is a renewed sense of optimism emerging within the industry. In anticipation of a travel resurgence, many hotel owners are considering whether now is the right time to refurbish their establishments, but in doing so must also weigh the risks of taking on a new or revived project.



Our hospitality survey indicates 50% of hospitality owners view the pandemic period as an opportunity to advance property renovations while 60% of the respondents feel the market will become more competitive as the world recovers from the COVID-19 pandemic.

## Refurbishment challenges

The hospitality industry revolves around service. Booking a hotel stay is an opportunity for guests to escape their daily routines and recharge in a luxurious, comforting environment. Certainly, most guests don't appreciate ongoing construction during a hotel stay. As the industry focuses on rebuilding, providing a safe, positive and peaceful environment is vital to attracting and retaining guests.

The following are some of the most common challenges hotel owners face during refurbishment projects:

### 1. Alignment on Scope & Budget

At the outset of any hotel refurbishment project, it is essential to develop a detailed plan, commonly referred to as a 'Property Improvement Plan' (PIP). The PIP includes input from the facilities management team, asset management team, a detailed condition survey and guest feedback that help the project team to prioritize the proposed upgrades and agree upon the final scope of work and overall budget. Misalignment on scope and budget between owners and operators is common as both parties don't necessarily see eye-to-eye on which features are must-haves versus which are nice-to-have.

### 2. Setting and Managing Expectations

Hotels often have complex stakeholder structures that include owners, hotel operations teams, asset managers, internal engineering teams and more. All these stakeholders contribute to the successful delivery of a refurbishment project to varying degrees, and all of them need to understand the project's vision and plan to ensure it's delivered to your budget, schedule and operational expectations.



In our recent hospitality survey, 70% of respondents believed that misalignment between CAPEX and expected revenue was a key reason for owner / operator disagreement.

### 3. Deciding on Full vs. Partial Closure

Taking on a refurbishment project or upgrading a hospitality venue with new facilities requires stakeholders to provide strategic insight into the decision-making process. The trade-off between shutting down the facility during refurbishment versus a partial closure depends on many factors such as the project type, size, expected duration, impact on guests, hotel reputation, revenue generation, seasonality and other factors. Careful consideration of these factors is needed to ensure your project's success.

### 4. Project Delivery Methodology

Every construction project is unique and requires a customized approach to yield the best results – this starts by selecting a project delivery methodology. In the MENA region, we often see projects following traditional procurement methodologies, like Design-Bid-Build or Design-Build. Although familiar to owners, consultants and contractors, these traditional methodologies may not always be the most efficient, cost-effective, or least disruptive way to approach a refurbishment project. Selecting the optimal project delivery methodology to procure consultants, contractors and other specialized resources is key to delivering a project successfully.



70% of survey respondents in our hospitality report agree that the most important success factor is establishing the right team including designers, cost managers and project managers.

## How a third-party project manager can help

With so many stakeholders and a need to provide a quality experience to guests, it's not uncommon for hotel owners to seek third-party project managers to assist with their refurbishment projects. A project manager will seek to understand your goals and alleviate the stressors of managing a hospitality project. As the owner's representative, they will take the lead on managing the complex task of balancing construction activities, impacts to guest experience, operational changes, project governance and more.

Here are some of the ways a project manager can add value to your renovation project:

### 1. Project Planning

Typically, owners and operators want to keep the length of actual construction to a minimum to reduce guest interruption. Engaging a competent project manager at the outset of your project will ensure that the project's scope, budget, schedule, phasing, procurement strategy, communication, approval protocols and risks are considered, managed and well-planned. By doing so, you significantly reduce the risk of schedule delays, budget overruns and downtime of your assets.



Our hospitality report indicates that 60% of respondents expressed that early involvement of the project manager during the feasibility study and planning stages adds substantial value to the project.

## 2. Establish Project Governance

With large or complex stakeholder teams, it can be challenging to establish a framework that clearly identifies roles, responsibilities and decision-making. Without this established governance, project owners may face unnecessary schedule delays, design changes or difficulty managing different points of view. A project manager brings the expertise needed to help you and your team develop a project governance framework to mitigate these challenges throughout the project's lifecycle. By managing expectations early on, you can avoid costly change orders or delays.

## 3. Risk Management

Construction projects are inherently risky, and refurbishment projects are even more so since the work takes place in an environment with paying guests. At the heart of any good project management approach is a solid risk management plan. An experienced project manager will use the lessons learned from similar projects to identify and mitigate common risks such as guest safety, noise pollution, worker logistics, service interruptions and more.

## 4. Technical Knowledge

With hospitality renovation projects, timelines and budgets are especially important. To maintain operations, you need your projects to be completed quickly and quietly. When seeking professional resources, look for project managers who possess sound industry and technical knowledge, so that they can guide you toward solutions that best suit your requirements. Take for example, the installation of a beachfront pool. To keep it from being swept into the ocean during a storm, the contractor proposed constructing deep secant pile walls to give the pool a solid foundation. The installation of these piles can be loud and jarring to hotel guests. Realizing this, our team proposed that the consultant adjust the structural foundation to include a gabion wall system, which was not only less disruptive to guests, but also cheaper and faster to install.

As an owner or operator, your top priority will always be the comfort and enjoyment of your guests. By hiring an experienced third-party project manager at the onset of your project, you can take comfort in knowing that your project's risks are well-managed, and your vision will be executed in a way that is safe and comfortable for new and returning guests to enjoy.



# About the author



## Amr El Etreby

Amr El Etreby has 25 years of experience leading large and complex projects in the UAE and North America, in the hospitality, corporate office, industrial, retail and residential development sectors. His ability to understand an organization's vision and strategy and develop an effective framework is critical to helping steer stakeholders toward successful project outcomes. Amr's experience working with public and private sector clients includes project, program and portfolio management, strategic planning, project implementation and corporate development. In addition to being a professional project manager, he is a certified EMQ Assessor, registered structural engineer and LEED Green Associate.

Connect with Amr at [Amr.Etreby@colliersprojectleaders.com](mailto:Amr.Etreby@colliersprojectleaders.com)



[colliersprojectleaders.com/middle-east](http://colliersprojectleaders.com/middle-east)